



Strengthening the TVA/LPC Partnership

LPC Long-Term Partnership
Proposal

August 16, 2019

Benefits of the Public Power Model

Energy & Capacity



- Affordable, reliable energy
- Capacity to meet peak demand

Transmission & System Optimization



- Robust, resilient transmission
- System balancing
- Benefits of scale

Jobs & Investment

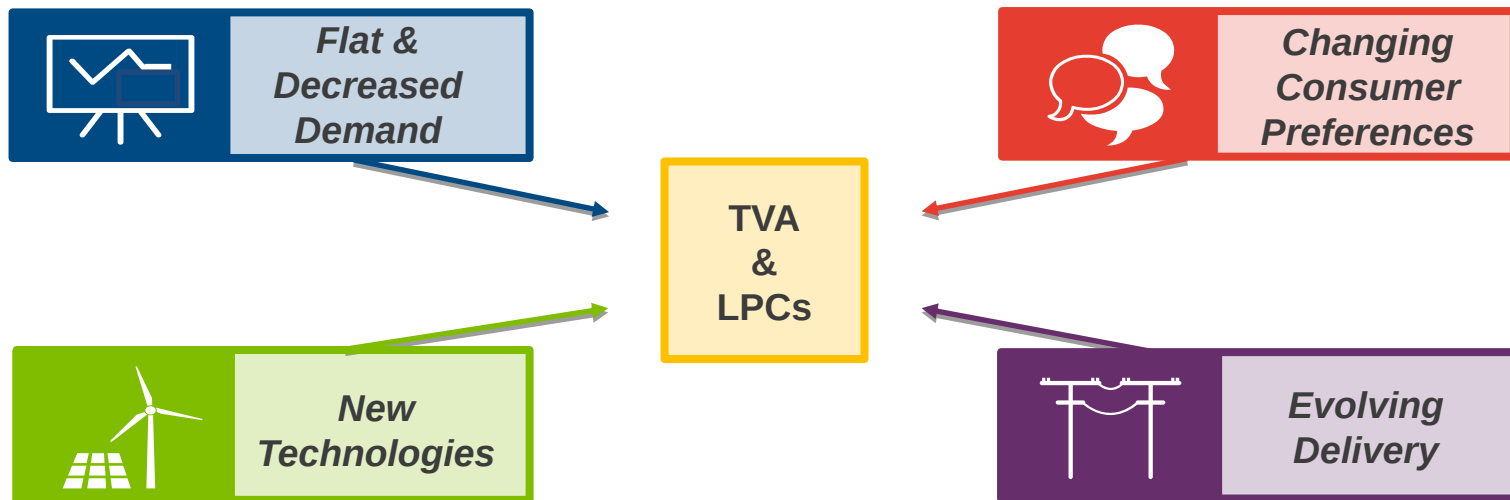


- Job creation
- Attracting new companies
- Local business growth
- Site development

As a public power provider, TVA delivers a complete solution of stable low rates, high reliability and an attractive carbon rate that spurs economic development

Modern Utility Market Place

Market forces are exerting pressure on traditional utility business models



The public power model is a strategic advantage in addressing these challenges

Addressing Customer Needs

In the evolving energy market place, TVA has listened to the needs and priorities of its LPC customers and has developed a proposal to address them



**Bolster Valley
Public Power
Model**



**Long-Term
Commitment**



**Collaborative
Planning**



**Shared
Benefits**



**Expand
Flexibility**

Strengthened partnerships enable long-term planning which keeps rates low and protects the Valley Public Power Model

Summary of Term Sheet

The proposed long-term partnership plan includes the following key terms:

- **Partnership Credit:** 3.1% of wholesale standard service demand, non-fuel energy, and grid access charges
- **Long-term Commitment:** Participating LPC's wholesale power contract amended, as necessary, to establish a 20-year termination notice requirement
- **Enhanced Flexibility:** TVA will commit to providing enhanced flexibility for distribution solutions between 3% and 5% of load by October 1, 2021, with mutually agreeable pricing and planning considerations
- **Rate Adjustment Protection:** Allows for protection if base rates rise beyond threshold amounts
- **Mutual Defaults & Remedies:** To ensure that both parties receive the long-term benefits being secured by the contract amendment, specific defaults and remedies are identified
- **Additional Partner Benefits:** Establish a practice of strong engagement with long-term partners for strategic resource decisions and financial planning